New Nouveau Brunswick

Labour Market Information Monthly

June 2011 Edition *Issue 6 Volume 8*

Education and retirement saving behaviours of families*

Many families face competing priorities when it comes to savings. Despite these challenges, parents in all income groups place a high value on saving for their child's post-secondary education.

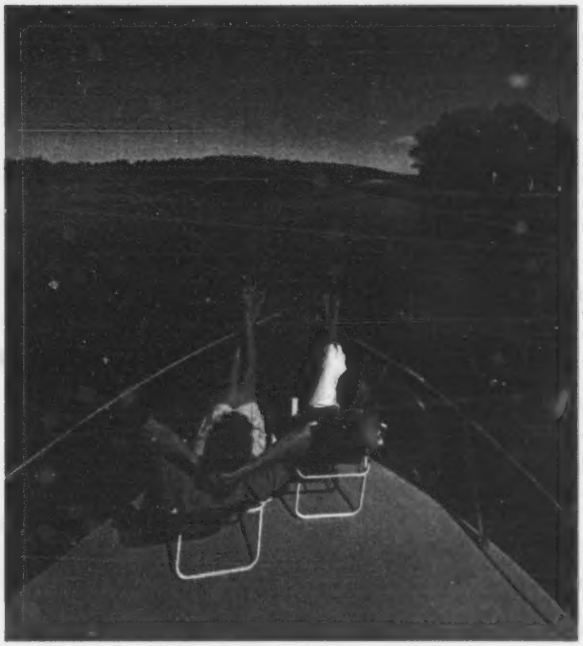
This study, based on data from the 2009 Canadian Financial Capability Survey, found that the likelihood that parents save for their child's post-secondary education is influenced by several factors, including cost of tuition, level of parental education and household income. Parents, in the context of this study, are defined as persons who are financially responsible for a child under the age of 18.

Not surprisingly, the proportion of parents who had saved for their child's post-secondary education increased with income, and was highest among parents in the highest income group.

This Month

- Education and retirement saving behaviours of families
- Key Labour Force Statistics
- The Industry Report

To analyze the data by income level, households were divided into five groups or "quintiles" based on household income. Each quintile represents one-fifth of all surveyed households.



Over 8 in 10 (83%) parents with a yearly household income greater than $120,000 had saved for their child's post-secondary education. This proportion fell steadily for each lower quintile. Even so, 48% of parents falling into the lowest income quintile, those earning less than $32,000 a year in 2008, had such savings.

Even in households with the lowest incomes, proportionally speaking, more parents were putting aside money strictly for their child's post-secondary education than were preparing financially for their retirement only.

About 26% of households falling into the lowest quintile of the income distribution said they were saving just for their child's post-secondary education, compared with 14% who said they were preparing financially for their retirement only. An additional 21% were doing both. However, 39% of parents in the lowest income group reported they were not preparing financially for their retirement nor had they saved for their child's education. Among parents at the top of the income distribution, 2% were not preparing for either.

Note to readers

The Canadian Financial Capability Survey (CFCS) was designed to collect information about Canadians' knowledge, skills and behaviours towards financial decision-making. In addition to collect-

* From *The Daily*, May 19, 2011, Statistics Canada.

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ing information on approaches to money management and financial planning, information was collected on various savings behaviours, such as saving for post-secondary education and retirement.

The Canada Education Savings Grant is a grant from the Government of Canada to help parents save for a child's post-secondary education. When saving in a child's Registered Education Savings Plan, the Canada Education Savings Grant could add up to $200 on the first $500 saved annually for each child and up to $400 on the next $2,000. In 2009, the maximum life-time grant for each child was $7,200.

In order to determine whether post-secondary education savings are adequate, data on amounts saved and the intended beneficiaries are needed. This information is not available through the CFCS.

"Preparing financially for retirement"' may include planning to use government pension benefits, such as the Canada Pension Plan or the Quebec Pension Plan; occupational or workplace pension plans; personal retirement saving plans; obtaining a reverse mortgage; selling financial or non-financial assets; using an inheritance; or planning to work.

As incomes increased, so too did the percentage of parents who were saving for their children's education as well as preparing financially for their retirement. There was a close relationship between saving and the education level of the parents. About 45% of parents without a high school diploma had savings for their child's post-secondary education. This compares with 63% of parents whose highest level of education was a high school diploma and 78% among those with a university undergraduate degree.

In addition, the proportion of parents who had saved for their child's post-secondary education was strongly related to average undergraduate tuition fees for full-time students. The highest proportions of such savers were in Alberta (78%), Ontario (74%) and Nova Scotia (73%). These three provinces also had the highest average undergraduate tuition costs in 2009/2010.

About 66% of parents who had saved for their child's post-secondary education had contributed to a Registered Education Savings Plan. The second most-common approach, taken by 28% of parents, was to contribute to a dedicated savings plan or account.

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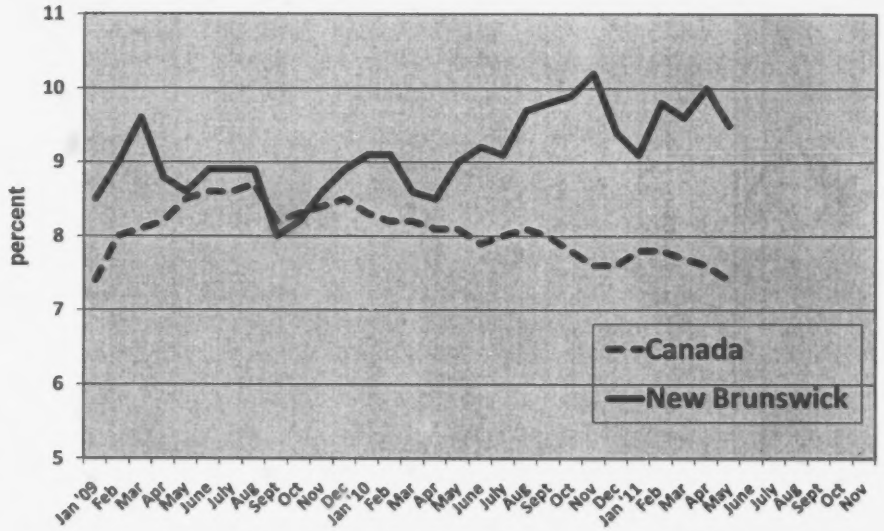
KEY LABOUR FORCE STATISTICS FOR NEW BRUNSWICK (Source: Statistics Canada Labour Force Survey)

New Brunswick	YTD	May '11	Apr '11	May '10
Labour Force	390,400	388,200	391,900	393,300
Employed	352,900	351,400	352,800	358,000
Unemployed	37,500	36,800	39,100	35,300
Unemployment Rate	9.6%	9.5%	10.0%	9.0%
Participation Rate	63.1%	62.7%	63.3%	63.8%
Employment Rate	57.0%	56.8%	57.0%	58.1%

CANADA COMPARED TO NEW BRUNSWICK

In May, Canada's unemployment rate was 7.4%, 0.2 of a percentage point lower than last month and 0.7 of a percentage point lower than the same month last year. New Brunswick's rate of 9.5% was 0.5 of a percentage point lower than last month but 0.5 of a percentage point higher compared to the same month last year, when it stood at 9.0%.

UNEMPLOYMENT RATES IN NEW BRUNSWICK AND CANADA



Source: Statistics Canada Labour Force Survey

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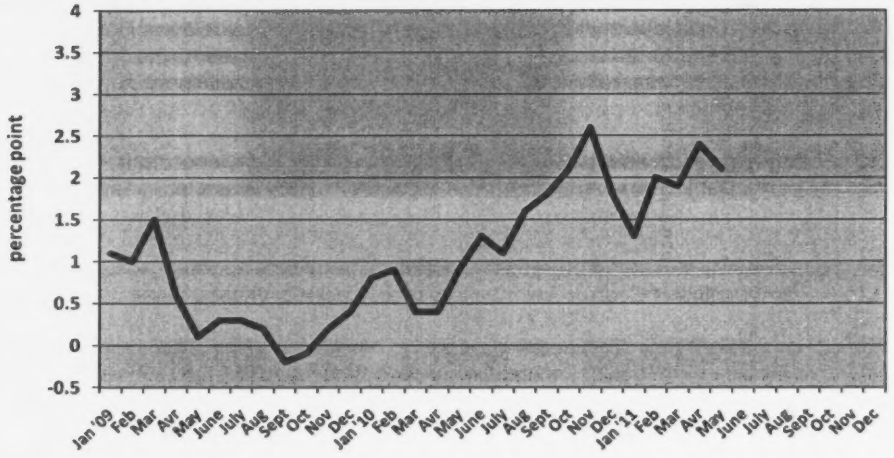
CANADA COMPARED TO NEW BRUNSWICK (continued)

The gap between the national and provincial rates was 2.1 percentage points in May.

DIFFERENCE IN UNEMPLOYMENT RATES IN NEW BRUNSWICK AND CANADA

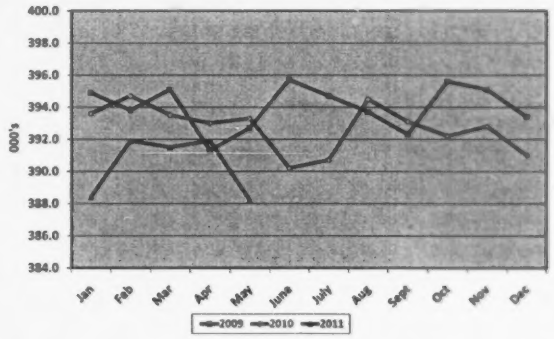


Source: Statistics Canada Labour Force Survey

THE LABOUR FORCE

New Brunswick's labour force stood at 388,200 in May. This was a decrease of 3,700 over the previous month, and a decrease of 5,100 over the same month last year.

THE SIZE OF THE LABOUR FORCE



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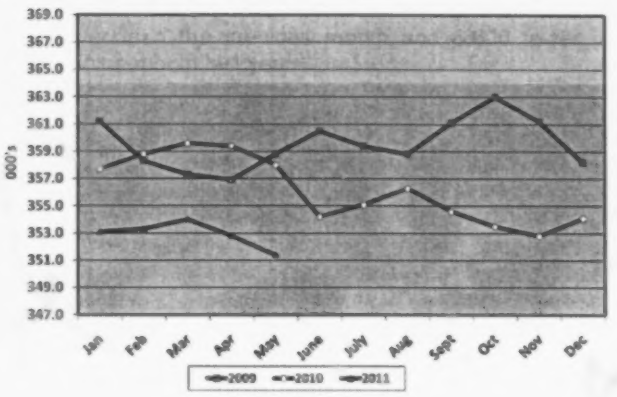
EMPLOYMENT

There were 351,400 people working in May. This was 1,400 fewer than the previous month and 6,600 fewer than the same month last year.

EMPLOYMENT IN NEW BRUNSWICK

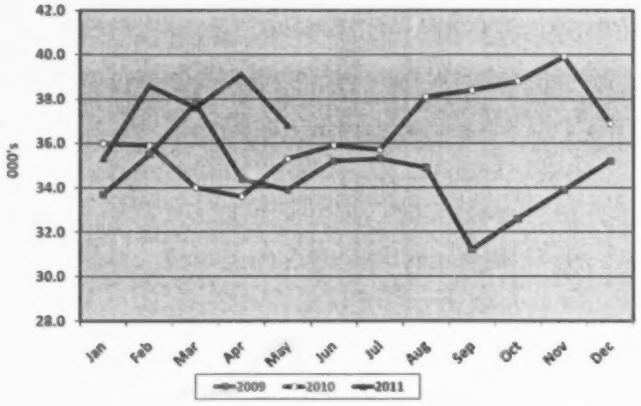


Source: Statistics Canada Labour Force Survey

UNEMPLOYMENT

There were 36,800 people unemployed and seeking work in May. This is 2,300 less than what was recorded the previous month but 1,500 more than the same month last year.

UNEMPLOYMENT IN NEW BRUNSWICK



Source: Statistics Canada Labour Force Survey

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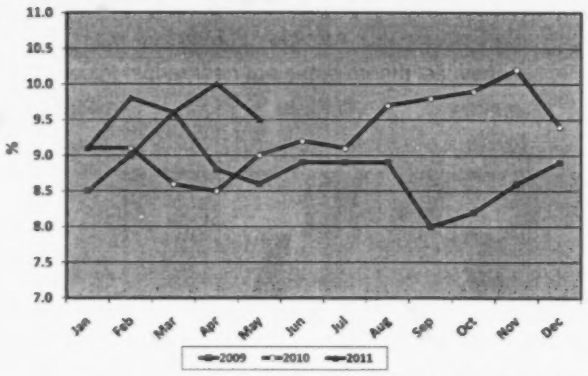
THE UNEMPLOYMENT RATE

New Brunswick's unemployment rate of 9.5% in May was 0.5 of a percentage point lower than the previous month but 0.5 of a percentage point higher than the same month last year.

THE UNEMPLOYMENT RATE IN NEW BRUNSWICK



Source: Statistics Canada Labour Force Survey

THE ECONOMIC REGIONS

Statistics Canada reports labour force statistics for the economic regions as three month moving averages of actual (not seasonally adjusted) data.

May '11	Economic Regions				
	Northeast	Southeast	Southwest	Central	Northwest
Labour Force	72,300	112,400	94,500	70,900	38,100
Employment	59,400	101,200	86,900	65,100	33,900
Unemployment	12,900	11,100	7,600	5,800	4,200
Unemployment Rate	17.8%	9.9%	8.0%	8.2%	11.0%
Participation Rate	55.8%	65.5%	65.6%	65.2%	58.5%

Economic Regions	YTD		May '11		May '10	
	Emp.	UR	Emp.	UR	Emp.	UR
Northeast	57,200	17.7%	**59,400**	**17.8%**	57,100	18.2%
Southeast	99,400	10.1%	**101,200**	**9.9%**	104,200	7.0%
Southwest	85,900	7.4%	**86,900**	**8.0%**	84,000	9.5%
Central	66,500	7.6%	**65,100**	**8.2%**	69,400	6.7%
Northwest	33,900	10.2%	**33,900**	**11.0%**	37,400	9.7%

On a year-over-year basis (May 2011 compared to May 2010), employment increased in the Southwest (+2,900) and Northeast (+2,300) regions while it decreased in the Central (-4,300); Northwest (-3,500); and Southeast (-3,000) economic regions.

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THE INDUSTRY REPORT—LFS Release June 2011

- Total industrial employment was down by 6,600 jobs (or -1.8%) in May of 2011 over May of 2010.
- Employment in the goods-producing sector was higher by 3,300 jobs in May of 2011 over May of 2010; overall employment in that sector stood at 82,600 in May of 2011.
- Employment in the services-producing sector was lower by 9,800 jobs in May of 2011 over May of 2010; overall employment in that sector stood at 268,800 in May of 2011.

Employment growth on a year-over-year basis was strongest in the following sectors*:

Forestry, Fishing, Mining, Oil and Gas
- Current employment level (May 2011): **11,900 (up 20.2% or 2,000 jobs over May 2010)**
- Record employment level (December 1994): **14,600**
- Number of consecutive months with year-over-year growth: **1**
- Number of months with year-over-year growth in the past 24 months: **10**
- Important considerations: ***Increased activity in the Mining, Oil and Gas exploration and development sectors, and the province's forestry sector is contributing to the growth.***

Manufacturing
- Current employment level (May 2011): **33,700 (up 15.8% or 4,600 jobs over May 2010)**
- Record employment level (January 2004): **43,000**
- Number of consecutive months with year-over-year growth: **3**
- Number of months with year-over-year growth in the past 24 months: **8**
- Important considerations: ***A strong rebound in exports last year, and improving markets south of the boarder, may be contributing to the growth.***

Utilities
- Current employment level (May 2011): **4,600 (up 12.2% or 500 jobs over May 2010)**
- Record employment level (July 2008): **5,500**
- Number of consecutive months with year-over-year growth:**1**
- Number of months with year-over-year growth in the past 24 months: **8**
- Important considerations: ***Enbridge Gas is building another 20km of new pipeline for natural gas distribution in 2011, ACCIONA Energy has just brought its Lamèque wind farm on line in May, and municipalities are receiving additional funding from federal gas taxes to spend towards waste/water systems and energy systems. Spending will continue in 2011 on new water mains, refurbished water pumping stations and new water storage tanks in Saint John. Refurbishment continues at Point Lepreau.***

Finance, Insurance, Real Estate, and Leasing
- Current employment level (May 2011): **17,500 (up 11.5% or 1,800 jobs over May 2010)**
- Record employment level (March 2011): **18,300**
- Number of consecutive months with year-over-year growth: **6**

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THE INDUSTRY REPORT—con't

- Number of months with year-over-year growth in the past 24 months: **15**
- Important considerations: ***Relatively low interest rates and increased confidence in global financial markets have kept New Brunswickers spending and investing, particularly on some big ticket items (housing and automobiles).***

* Includes the top growth sectors, and/or any sectors that posted a 10% or greater (year-over-year) increase in employment.

Employment growth on a year-over-year basis was weaker in the following sectors:**

Other Services
- Current employment level (May 2011): **15,100 (down 13.2% or 2,300 jobs over May 2010)**
- Record employment level (March 1999): **19,800**
- Number of consecutive months with year-over-year losses: **6**
- Number of months with year-over-year losses in the past 24 months: **6**
- Important considerations: ***This is a diverse industry grouping, making it difficult to pinpoint the sub-category which is producing the losses.***

Agriculture
- Current employment level (May 2011): **6,000 (down 11.8% or 800 jobs over May 2010)**
- Record employment level (July 2005): **7,800**
- Number of consecutive months with year-over-year losses: **12**
- Number of months with year-over-year losses in the previous 24 months: **17**
- Important considerations: ***This sector has struggled ever since McCain Foods announced it was cutting its potato sourcing in New Brunswick by 20 to 30 per cent. Potatoes are the province's largest agricultural commodity, spanning 200 farms and 50,000 acres of cropland.***

Transportation and Warehousing
- Current employment level (May 2011): **17,200 (down 11.3% or 2,200 jobs over May 2010)**
- Record employment level (June 2005): **22,000**
- Number of consecutive months with year-over-year losses: **9**
- Number of months with year-over-year losses in the last 24 months: **16**
- Important considerations: ***Diminishing Federal/Provincial stimulus spending on public infrastructure projects, limited private sector spending on major projects, rising fuel prices, and weakening retail and wholesale trade sectors are likely all having a negative impact on employment in this sector.***

Trade (Retail and Wholesale trade)
- Current employment level (May 2011): **51,900 (down 10.4% or 6,000 jobs over May 2010)**
- Record employment level (August 2005): **60,100**
- Number of consecutive months with year-over-year losses: **6**

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- Number of months with year-over-year losses in the previous 24 months: **15**
- Important considerations: **Weakening labour markets in NB, the growth in cross boarder travel (and retail consumption) as a result of the high Canadian dollar, and the lack of any major mega projects on the horizon, are beginning to impact consumer spending habits and business confidence in the province. *Also more and more consumers are making purchases online from retailers outside the region.***

** Includes the bottom growth sectors and/or all sectors that posted a 10% or greater (year-over-year) decrease in employment.

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